PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: Fred Akkawi
DOCKET NO.: 04-22622.001-C-1
PARCEL NO.: 18-01-204-014-0000

The parties of record before the Property Tax Appeal Board are Fred Akkawi, the appellant, by attorney Aron Bornstein of Chicago and the Cook County Board of Review.

The subject property consists of a 39,871 square foot parcel improved with a 17-year-old, one-story style commercial retail center of masonry construction containing 14,000 square feet of building area. The subject structure has seven tenant spaces. The subject is located in Lyons Township.

The appellant, through counsel, appeared before the Property Tax Appeal Board claiming the subject is overvalued and its market value in not reflected in the assessment. In support of this argument, the appellant offered a summary appraisal report prepared by Louis J. Koroyanis and Harry M. Fishman of Property Valuation Services L.L.C., Chicago. The appraisers did not appear at the hearing. The report disclosed Koroyanis and Fishman are a State of Illinois certified appraisers.

After an examination of the subject site, building, neighborhood and area, the report indicated the appraisers determined the subject's highest and best use as improved; its current use.

The appraisal described the utilization of the three classic approaches to value to estimate a value for the subject of $895,000 as of January 1, 2004.

In the cost approach, the appraisers first estimated a value for the subject site using the sales of five parcels located in the subject's general area. The comparables ranged in size from 15,398 to 67,836 square feet of land area and were sold from May

(Continued on Next Page)

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds ***a reduction*** in the assessment of the property as established by the **Cook** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND:	$	151,509
IMPR.:	$	188,591
TOTAL:	$	340,100

Subject only to the State multiplier as applicable.

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2001 to January 2003 for prices ranging from $3.69 to $11.04 per square foot of land area. After adjustments to the sales for property rights conveyed, financing terms, conditions of sale, market conditions, location and unique characteristics, the appraisers estimated a land value for the subject of $10.00 per square foot of land area or $400,000. Replacement cost of $65.00 per square foot of building area was estimated based on *Marshall Valuation Service* data. Employing the age/life method to estimate depreciation, the appraisers utilized 40%, or $364,000, as the subject's accrued depreciation from all causes. Depreciated on-site improvements such as paving, etc. were estimated to be $5,000. The estimated depreciated on-site improvements and estimated land value were then added to the estimated depreciated value of the subject building of $546,000, to conclude and estimated value for the subject of $950,000, rounded, via the cost approach.

The next approach to value in the appraisal was the income approach to value. The appraiser surveyed five rental properties located in the subject's general area. The surveyed properties had gross rents ranging from $8.00 to $13.50 per square foot of leasable area. After an analysis of the comparables' location, size, age, and other relevant factors, the appraisers estimated $14.50 per square foot of building area as a reasonable rent for the subject. This equates to a potential gross income (PGI) of $203,000. A deduction for vacancy and collection loss of 7% or $14,210 was taken to conclude an effective gross income (EGI) of $188,790. Management of 5% or $9,440, administrative costs of $1,500, maintenance of $9,800, insurance of $4,900, and reserves for replacement of $3,263 were deducted from the EGI to conclude an estimated net operating income (NOI) of $159,887.

A capitalization rate of 9.0% for the subject was estimated utilizing the mortgage/equity method, to which the appraisers added an effective tax rate of 8.9%, or a total capitalization rate of 17.9%. This was applied to the subject's estimated NOI to indicate a value of $895,000, rounded, through the income capitalization approach to value.

The appraisers selected the sales of six one-story commercial buildings located in areas similar to the subject's general area. These properties range in size from 6,000 to 11,400 square feet of building area. The comparable properties sold from December 2000 to May 2003 for prices ranging from $38.68 to $66.65 per square foot of building area including land, unadjusted. The appraisers analyzed the sales of the comparables and adjusted them for property rights conveyed, financing terms, conditions of sale, market conditions, location and other unique characteristics. From this information, the appraisers determined an estimated value of $64.00 per square foot of building area including land. Thus, the appraisers estimated a market value of $895,000, rounded, for the subject through the sales comparison approach to value.

In the reconciliation, the appraisers placed the most emphasis on the sales comparison approach, with secondary emphasis on the income approach, and minimum emphasis was placed on the cost approach to value. The appraisers' final opinion of the subject's a fair market value was $895,000 as of January 1, 2004.

Based on the appraisal evidence, the appellant requested a reduction in the subject's improvement assessment.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of $419,428 was disclosed. The subject's final assessment reflects a fair market value of $1,103,758, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5a properties such as the subject is applied. In support, the board of review offered a memorandum indicating the sales of four properties suggests an unadjusted range of from $110 to $170 per square foot of building area supports the current assessment. *CoStar Comps* sales sheets for the four comparables were offered in support, one of which is the subject. The comparable properties range from 11 to 42 years old; in building size from 10,000 to 15,000 square feet and in land size from 20,800 to 38,822 square feet. These properties were sold from June 2002 to December 2004. The board of review's witness also argued that the subject sold in 2003 for a price of $1,750,000. Based on the foregoing, the board of review requested confirmation of the subject's assessment.

In rebuttal, the appellant's attorney agreed the subject was acquired by the appellant in 2003 as part of a 1031 tax deferred property exchange. Counsel argued because of the terms of a 1031 exchange such a sale is not an arm's length transaction. In support, a copy of the agreement between the exchanger, the appellant in this cause, and the exchange holding corporation was tendered by the appellant.

After hearing the testimony and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the subject's fair market value. Next, when overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. Section 1910.65 *The Official Rules of the Property Tax Appeal Board* (86 Ill.Adm.Code §1910.65(c)). Having heard the testimony and considered the evidence, the Board concludes that the appellant has satisfied this burden.

The Property Tax Appeal Board finds that the best evidence in the record of the subject's fair market value as of January 1, 2004 is the appraisal report submitted by the appellant. The appellant presented an appraisal utilizing the three classic approaches to value. Each approach to value contained credible data and a concluded estimate of value based on a well reasoned analysis of the data. The appraisers relied most heavily on the sales comparison approach and each sale presented was described with appropriate adjustments made to each property when compared to the subject. Although less weight was accorded to the income approach by the appraisers, each step to estimate a value for the subject was followed carefully. Again, in the cost approach to value, the appraisers followed appropriate methodology even though little emphasis was placed on this approach to value. The Board finds that the appraisers' final conclusion to value to be well reasoned and aligned with the conclusions reached in each approach to value.

In contrast, the board of review presented only raw sales data without adjustments or analysis of the comparables and their comparability to the subject.

Therefore, the Property Tax Appeal Board places significant weight on the appellant's appraisal and diminished weight on the board of review's sale comparables. As a result of this analysis, the Property Tax Appeal Board finds the appellant has adequately demonstrated that the subject is overvalued by a preponderance of the evidence.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of $895,000, as of January 1, 2004. Since the fair market value of the subject has been established, the Board finds that the Cook County Real Property Assessment Classification Ordinance level of assessments of 38% for Class 5a properties such as the subject shall apply and a reduction is accordingly warranted.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.

Chairman

Member

Member

Member

Member

DISSENTING:

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: January 25, 2008

Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board’s decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.